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Baker-Polito Administration Files \$1.287 Billion Affordable Housing Bill To Increase Development, Extend Key Tax Credits

Legislation will support the production and preservation of affordable housing, and accelerate public housing redevelopment and preservation

QUINCY – Today the Baker-Polito Administration filed a housing bond bill seeking \$1.287 billion in additional capital authorization, to allow the Commonwealth to continue state support for the construction and preservation of affordable housing, and provide funds for public housing maintenance and improvement.

Combined with nearly \$258 million in current, uncommitted capital authorization, the administration's housing bond bill would create more than \$1.5 billion in capacity to support affordable housing. This \$1.5 billion in authorization will enable the administration to fund the current \$1.1 billion 5-year housing capital plan and provide capacity for future years.

In addition to seeking new capital authorization for affordable housing, the administration's legislative proposal also extends a key state tax credit that finances affordable housing development, extends a state tax credit that encourages new housing development in Gateway Cities, and offers several reforms to facilitate the redevelopment of state-aided public housing.

"This housing proposal advances our efforts to provide more affordable options and access to economic opportunity for families and individuals in communities across the Commonwealth," **said Governor Charlie Baker**. "This legislation gives our administration the tools to meet the pressing need for affordable housing, and to continue caring for the state's most vulnerable residents, including homeless families, individuals living with disabilities, and elders. I look

forward to working with our partners in the Legislature as we collaborate to advance this critical piece of legislation.”

“Our administration has increased Massachusetts’s commitment to providing working families and at-risk residents with safe, stable, affordable housing,” **said Lieutenant Governor Karyn Polito**. “The housing bond bill we filed today will positively impact the lives of Massachusetts residents, providing new housing options to homeless families and veterans, helping senior citizens age in their communities, and connecting families to greater prosperity.”

The Baker-Polito Administration’s housing bond bill proposes a total of roughly \$1.287 billion in new capital authorizations, across ten separate capital accounts. The proposal includes \$650 million for public housing modernization and redevelopment, \$400 million for the production and preservation of traditional affordable housing, and \$216 million for supportive housing and housing serving vulnerable populations.

The administration’s legislation also proposes a number of statutory reforms to increase housing production and preservation in Massachusetts cities and towns across a variety of income levels. These measures include addressing statutory sunset dates in key tax credit programs, removing barriers to constructing accessible units for elders and individuals with disabilities, and reforming the laws governing local housing authorities, to enhance the authorities’ ability to enter into partnerships with outside developers, and attract private resources to address capital needs at public housing communities.

“This legislation will free local housing authorities to take a proactive approach to housing development,” **said Housing and Economic Development Secretary Jay Ash**. “By allowing public housing agencies to act like community development agencies, and engage in partnerships with outside capital, we will help modernize the state’s public housing stock, address deferred capital backlogs, build mixed-income communities that foster social capital while preserving the public housing units serving vulnerable households, and foster innovation at the local level. And, by speeding these public-private partnerships, we will help deliver more housing production, in communities where the demand for new housing is greatest.”

“Since taking office, the administration has prioritized producing and preserving affordable housing for all residents of the Commonwealth, and increasing this bond authorization will allow the administration to create even more affordable and supportive housing opportunities through our capital budget process,” **said Administration and Finance Secretary Kristen Lepore**.

“By extending the state low-income housing tax credit, and enabling substantial investments in state-aided public housing communities, this legislation will ensure that Massachusetts continues to be the national leader in providing housing supports to residents in need,” **said Undersecretary of Housing and Community Development Chrystal Kornegay**.

The housing bond bill advances the Baker-Polito Administration's commitment to affordable housing. Last May, the administration unveiled a 5-year capital budget plan that includes a \$1.1 billion commitment to increasing housing production, a 18 percent funding increase over previous funding levels. The \$1.1 billion capital commitment provides for significant expansions in state support for mixed-income housing production, public housing modernization, and affordable housing preservation. The housing bond bill filed today provides the authorization to fully fund this capital expansion.

In addition, the administration and MassHousing have committed a separate \$100 million to support the construction of 1,000 new workforce housing units.

Since 2015 the Baker-Polito Administration has provided direct funding to create and preserve over 3,500 units of affordable housing across Massachusetts.

The administration's housing bond bill includes:

- **State Low-Income Housing Tax Credit:** Extends the state's ability to commit \$20 million per year in tax credits to affordable housing projects until 2025. Current law will cut the size of this tax credit in half, to \$10 million, on January 1, 2020.
- **Housing Development Incentive Program:** Extends the state's ability to commit \$10 million per year in tax credits to market-rate housing projects in Gateway Cities until 2024. Current law will cut the size of this tax credit in half, to \$5 million, on January 1, 2019.
- **Accessible Housing Unit Construction:** Removes current barriers to constructing accessible units for elders and individuals with disabilities, implementing a recommendation of the administration's Interagency Council on Housing and Homelessness.
- **MassHousing Services:** Expands MassHousing's authorizing language, to allow the quasi-public agency to provide contract administration, loan servicing, and other services to other states' housing finance agencies.
- **Local Housing Authority Reforms:** Empowers local housing authorities to enter into public-private redevelopment partnerships, and gives authorities greater flexibility to meet deferred capital needs, by:
 - Streamlining procurement laws, to reduce unnecessary bureaucracy in LHA financing, and to unlock public-private redevelopment partnerships;
 - Streamlining public bidding requirements related to construction to reflect existing practices, in instances where LHAs partner with private developers on redevelopment;
 - Allowing local housing authorities to retain the proceeds from the sale or long-term lease of public housing property;

- Expressly providing for tax-exemption and PILOT payments, for public housing units that are privately owned as part of a mixed-income development; and
- Allowing all local housing authorities to borrow against their formula funding stream, reducing deferred maintenance backlogs, and lowering development costs.

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